United Nations A/61/223

General Assembly

Distr.: General
5 August 2006

Original: English

Sixty-first session
Item 115 of the provisional agenda*
Programme budget for the biennium 2006-2007

Measures taken to improve the operational administration of existing cost-sharing arrangements for safety and security

Report of the Secretary-General

Summary

The present report has been prepared in compliance with paragraph 49 of General Assembly resolution 59/276 (XI) on the strengthened and unified security management system for the United Nations. By that resolution, the Assembly established the Department of Safety and Security, recognized the operational difficulties linked to cost-sharing by organizations and decided to maintain existing arrangements with regard to cost-sharing for safety and security. Moreover, the Assembly requested the Secretary-General, in his capacity as the Chairman of the United Nations System Chief Executives Board for Coordination (CEB), while fully implementing the decision of the Assembly to maintain the current cost-sharing arrangements, to submit a report to the Assembly at its sixty-first session on measures taken to improve the operational administration of existing cost-sharing arrangements.

The present report summarizes the actions taken by the High-level Committee on Management of CEB in compliance with the Assembly's request and outlines the revised modalities agreed upon by the organizations participating in the cost-sharing arrangements for the operational administration of such arrangements.

* A/61/150.

06-45687 (E) 210806

I. Introduction

1. By its resolution 59/276 (XI), entitled "Strengthened and unified security management system for the United Nations", the General Assembly established a Department of Safety and Security in recognition of the need for the urgent implementation of a unified and strengthened security management system in order to ensure the safety and security of United Nations staff, operations and premises at United Nations Headquarters and main duty stations, as well as in the field.

2. Moreover, the General Assembly, while recognizing the operational difficulties linked to cost-sharing by organizations, decided to maintain existing arrangements with regard to cost-sharing for safety and security rather than funding those costs under the United Nations regular budget. The Secretary-General was requested, however, in his capacity as Chairman of the United Nations System Chief Executives Board for Coordination (CEB), while fully implementing the decision of the Assembly to maintain the current cost-sharing arrangements, to submit a report to the Assembly at its sixty-first session on measures taken to improve the operational administration of existing cost-sharing arrangements.

II. History and modalities of cost-sharing arrangements under the security management system

3. Details on the principles for the present cost-sharing system are contained in paragraphs 32 and 33 of the report of the Secretary-General (A/56/469), as follows:

> "32. As indicated in paragraph 4 above, following extensive consultations on the cost-sharing arrangements, the organizations of the United Nations system have adopted, within the framework of the High-level Committee on Management, the following principles and modalities of the cost-sharing for the costs associated with the security management system:
>
> "(a) The organizations participating in the United Nations security management system would assume collective responsibility for safety and security of the United Nations personnel, irrespective of the level of that participation;
>
> "(b) The organizations recognized the specific responsibility of the United Nations for the management of the security of United Nations system personnel, given the central role of the Secretary-General in the United Nations system as the Chairman of the Administrative Committee on Coordination and his overall leadership over the security and safety of the United Nations personnel;
>
> "(c) Field-related costs, which are incurred in the field or are directly related to providing operational support by Headquarters to the field offices, would be apportioned among participating organizations, while the central costs of the management and direction of the operation would be assumed by the United Nations;
>
> "(d) The cost-sharing formula should be based on a reflection of the number of personnel based in countries not members of the Organization for Economic Cooperation and Development (OECD) for whom the United

Nations system had a responsibility in terms of security and safety. Data on such personnel would be established on the basis of census to be conducted in the year preceding the next biennium.

"33. On the basis of these principles, the following cost-sharing formula has been agreed:

"(a) *Central core costs assumed by United Nations Headquarters*: Executive direction and management, policy and contingency planning, investigation, oversight of security operations, as well as administrative support are considered as central costs and, as such, are a responsibility of the United Nations. They should, therefore, be assumed by the United Nations in their entirety;

"(b) *Field-related costs*: Field-related expenses, to be apportioned once each biennium among all United Nations entities that deploy more than 1 per cent of the total number of personnel covered by the United Nations security management system, in the field, irrespective of contractual status or funding modality of that personnel (i.e. all those individuals for whom the United Nations system has a security responsibility), would include the expenses associated with the field offices operations and relating Headquarters operational support costs. The proportion of the costs to be borne by the participating organizations would be calculated as a percentage of the resulting total, to be determined on the basis of the census to be carried out in all non-OECD duty stations;

"(c) *Participation by agencies having minimal or no field presence*: Those organizations that, on the date of census, have less than half of a percentage point of total personnel covered by the United Nations security management system in the field would contribute a flat fee of $25,000 per biennium. Those organizations that have on that date more than half of a percentage point but stay within one percentage point of total personnel covered by the United Nations security management system in the field would contribute a flat fee of $100,000 per biennium."

III. Actions undertaken by the High-level Committee on Management

4. In response to General Assembly resolution 59/276, the High-level Committee on Management convened a meeting at the technical level in February 2005 to discuss the budget requirements subject to cost-sharing, as well as the different options for future cost-sharing arrangements. The conclusions reached at that meeting are contained in document CEB/2005/HLCM/R.4.

5. At the meeting, participants considered the then applied formula, which apportioned costs on the basis of the percentage of field staff, as per data contained in the Census 2003, including a 25 per cent weight for staff on mission (i.e. all personnel based in countries not members of OECD for whom the United Nations system had a responsibility in terms of security and safety, irrespective of their type of contract and/or duration of contract, including special service agreements, junior professional officers, United Nations Volunteers and peacekeeping civilians). Two

flat rates of $25,000 and $100,000 were applicable to organizations with less than 0.5 per cent and 1 per cent of field staff, respectively.

6. Owing to the significant increase of the field-related security budget subject to cost-sharing since the adoption of the then applied formula, a consensus emerged that a newly agreed minimum level of participation (floor) to such budgets would be appropriate.

7. Of the various options considered, none had a significant impact on the share of the highest paying organizations, unless a ceiling was added in the formula (i.e. maximum share = 10 per cent or 15 per cent); most options entailed a considerable increase in the share of the organizations which had been assessed a flat rate of either $25,000 or $100,000.

8. Some proposals identified a percentage of the organization's budget as an alternative method to set the level of the minimum contribution. Eventually, participants agreed that the current criterion of overall number of field staff carried the most direct link with field-related security costs.

9. Two additional modified options were considered:

(a) Plain apportionment on the basis of actual percentage of staff, with three possible minimum amounts of $50,000, $75,000 and $100,000, respectively;

(b) Apportionment on the basis of actual percentage of staff, minimum of $75,000 and ceiling of either 10 per cent or 15 per cent of total cost, with the excess of the 10 per cent or 15 per cent absorbed by the United Nations Secretariat (see CEB/2005/HLCM/R.4).

10. As the minimum amount of $75,000 represented 0.05 per cent of the indicative 2006-2007 budget for field-related security costs, it was agreed to recommend the option in paragraph 9 (a) above, as shown in the annex to the present report (plain apportionment on the basis of actual percentage of staff, with a minimum amount of $75,000), for adoption by the High-level Committee on Management.

11. The High-level Committee on Management, at its ninth session in April 2005, endorsed the recommendation of the technical meeting and agreed that the apportionment of field-related security costs would be done on the basis of actual percentage of staff (as per the revised Census of 18 July 2003), with a minimum amount of $75,000. The organizations' shares and corresponding amounts, based on the indicative (before recosting) jointly financed resource requirements for the Department of Safety and Security for the biennium 2006-2007 of $169,123,200, is provided in the annex. The World Bank has stated that it disagrees with the cost-sharing formula for safety and security and has withheld its contribution. Discussions are ongoing with that organization. All other agencies, funds and programmes have stated that they have no additional funds to absorb the potential shortfall. Therefore, the operations of the Department of Safety and Security may be impacted.

12. In addition, the High-level Committee on Management at its ninth session decided that a governance system which would ensure more participatory and transparent procedures for future exercises on budgets subject to cost-sharing should be established. This would ensure that all organizations participating in cost-sharing arrangements would be periodically consulted in a timely manner on each step of the formulation, approval, recosting and revision of cost-shared budgets. The High-

level Committee therefore agreed to establish a working group to outline participatory and transparent procedures for its consideration at its tenth session.

13. Following meetings of the working group, the High-level Committee on Management at its tenth session, in October 2005, endorsed the conclusions of its working group, agreeing that a consultative process must entail dialogue with organizations on the strategic direction of the security management system and on the scope of operational requirements for the field-related activities, and should not be merely limited to modalities for the cost-sharing arrangements. This process must be timely and in line with both the United Nations budgetary planning cycle and that of the agencies, funds and programmes so that a consensus may be reached on those inputs which are subject to cost-sharing, while at the same time allowing the agencies, funds and programmes to include resource needs in their budgetary requests to their respective governing bodies.

14. For a future consultative process on the security budget subject to cost-sharing, the High-level Committee on Management agreed that all discussion concerning the substantive aspects of field-related security, including details of jointly financed posts, should be taken up in the context of the Inter-agency Security Management Network. Further consultations would proceed with the Network on the strategic direction and operational requirements of security arrangements for the field in the context of budget preparation, thereby assuring a security budget proposal which has the endorsement of stakeholders.

15. Regarding the reporting requirements foreseen for the benefit of the organizations participating in the cost-sharing arrangements, the Department of Safety and Security would provide periodic reports on the structure and distribution of jointly financed posts, with corresponding functions, and the status of their incumbency, and update such information on a regular basis. The detail of objectives, expected accomplishments and indicators of achievement, in line with the results-based budgetary framework of the United Nations, is included in the proposed programme budget for the biennium 2006-2007, section 33, Safety and security (A/60/6 (Sect. 33)).

16. Any savings from the budgeted costs would be credited to the organizations' share for the next biennium.

17. Finally, the High-level Committee on Management recommended that the Finance and Budget Network be part of the consultative process to deal with any financial aspects of the cost-sharing arrangements.

IV. Actions undertaken by the Inter-agency Security Management Network

18. In line with the consultative process defined in the context of the High-level Committee on Management, the strategic direction and operational requirements of security arrangements for the field, as well as the corresponding cost-sharing arrangements, were discussed at the Inter-agency Security Management Network meeting, held in Vienna in May 2006. At that meeting, the Network formulated recommendations, which the High-level Committee will consider and on which it will take action at its upcoming fall session, scheduled for 30 September to 1 October 2006.

19. The Inter-agency Security Management Network recalled the basis upon which the cost-sharing arrangements were agreed in 2001, i.e. field-related costs, which are incurred in the field or are directly related to providing operational support by Headquarters to field offices, would be apportioned among participating organizations, while the central costs of the management and direction of the Department of Safety and Security would be assumed by the United Nations.

20. The Inter-agency Security Management Network was unanimous in agreeing that the contents of the revised programme of work for the biennium 2006-2007 and the strategic framework for the biennium 2008-2009 showed an expansion in the proposed scope of activities, which went beyond the originally agreed structure and terms of reference, including cost-sharing arrangements relating to the establishment of the Department of Safety and Security. Amendments proposed by the Network were incorporated into the strategic framework for 2008-2009.

21. The Inter-agency Security Management Network therefore decided that it was necessary to establish a working group to redraft the work plan as it related to the cost-sharing portion of the Department of Safety and Security budget to ensure that it incorporated the needs of the agencies, funds and programmes and that it fell within the scope of resolution 59/276. The working group will submit its report no later than 1 September 2006. It was also noted that the High-level Committee on Management should consider the 2008-2009 budget proposal for the Department of Safety and Security prior to its finalization and submission to the General Assembly.

V. Conclusions and recommendations

22. **The apportionment of field-related security costs would be done on the basis of the actual percentage of organizations' personnel based in countries not members of the Organization for Economic Cooperation and Development for whom the United Nations system has a responsibility in terms of security and safety, with a minimum amount of $75,000.**

23. **A consultative process is being undertaken between organizations participating in the cost-sharing arrangements, entailing dialogue on the strategic direction of the security management system and on the scope of operational requirements for the field-related activities, which is not merely limited to modalities for the cost-sharing arrangements. This process is being undertaken in a timely manner and is in line with both the United Nations budgetary planning cycle and that of the agencies, funds and programmes so that a consensus may be reached on those inputs which are subject to cost-sharing, while at the same time allowing the agencies, funds and programmes to include resource needs in their budgetary requests to their respective governing bodies.**

24. **All discussion concerning the substantive aspects of field-related security is being held in the context of the Inter-agency Security Management Network, including consultations on the strategic direction and operational requirements of security arrangements for the field.**

25. **The General Assembly may wish to take note of the present report.**

Annex

Distribution of field-related jointly financed resource requirements for the Department of Safety and Security for the biennium 2006-2007[a]

Organization	*New number of staff (revised Census 2003, including 25 per cent of staff on mission)*	*New percentage of staff*	*Distribution of 2006-2007 indicative field-related security costs based on adopted cost-sharing formula*	*Effective percentage share of costs*
Asian Development Bank	101	0.14	240 318	0.14
European Bank for Reconstruction and Development	78	0.11	185 592	0.11
Food and Agriculture Organization of the United Nations	2 693	3.79	6 407 678	3.79
International Atomic Energy Agency	40	0.06	95 175	0.06
International Civil Aviation Organization	198	0.28	471 118	0.28
International Fund for Agricultural Development	0	0.00	75 000	0.04
International Labour Organization	1 562	2.20	3 716 596	2.20
International Monetary Fund	315	0.44	749 506	0.44
International Maritime Organization	51	0.07	121 349	0.07
International Organization for Migration	1 966	2.77	4 677 866	2.77
International Trade Centre	21	0.03	75 000	0.04
International Telecommunication Union	64	0.09	152 280	0.09
Pan American Health Organization	328	0.46	780 438	0.46
Joint United Nations Programme on HIV/AIDS	133	0.19	316 458	0.19
United Nations Development Programme	11 010	15.51	26 197 003	15.49
United Nations Educational, Scientific and Cultural Organization	1 505	2.12	3 580 971	2.12
United Nations Population Fund	1 331	1.88	3 166 958	1.87
Office of the United Nations High Commissioner for Refugees	4 513	6.36	10 738 154	6.35
United Nations Children's Fund	7 429	10.47	17 676 434	10.45
United Nations Industrial Development Organization	125	0.18	297 423	0.18
United Nations Office for Project Services	932	1.31	2 217 585	1.31

Organization	*New number of staff (revised[b] Census 2003, including 25 per cent of staff on mission)*	*New percentage of staff*	*Distribution of 2006-2007 indicative field-related security costs based on adopted cost-sharing formula*	*Effective percentage share of costs*
United Nations University	42	0.06	99 934	0.06
United Nations Volunteers	462	0.65	1 099 275	0.65
Universal Postal Union	7	0.01	75 000	0.04
World Food Programme[c]	9 230	13.01	21 961 702	12.99
World Health Organization	6 301	8.88	14 992 490	8.86
World Intellectual Property Organization	0	0.00	75 000	0.04
World Meteorological Organization	18	0.03	75 000	0.04
World Bank	4 347	6.13	10 343 177	6.12
United Nations total[d]	**16 165**	**22.78**	**38 462 721**	**22.74**
Total	**70 967**	**100.00**	**169 123 200**	**100.0**

[a] As per CEB/2005/HLCM/R.14, annex IV (actual percentage of staff as per revised Census of 18 July 2003; minimum contribution of $75,000; indicative 2006-2007 costs, excluding Malicious Acts Insurance costs).

[b] As of 20 September 2005, all organizations except IOM, United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), UNHCR, UNICEF, UNV, WFP and the World Bank had confirmed or corrected originally submitted Census 2003 staff figures.

[c] WFP provided revised field staff figures on 26 October 2005.

[d] United Nations total includes peacekeeping, United Nations Environment Programme and 697 UNRWA staff reported in the original Census 2003 exercise.